WEEKLY ECONOMIC REVIEW

July 6, 2007

Labour markets remain tight in Alberta, Canada and the United States.

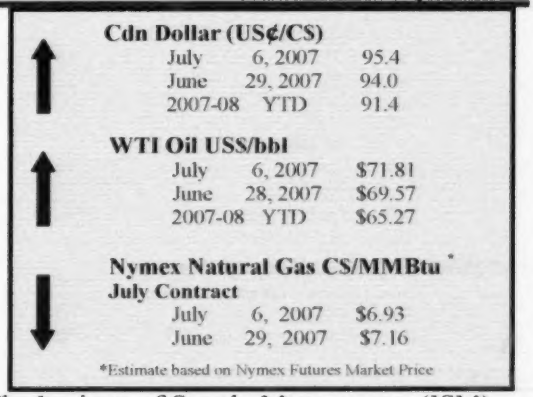
In June, employment in Alberta rose by 12,200, contributing to a 2.5% increase since December 2006. Despite the employment gain, the unemployment rate was unchanged at 3.8% as more people entered the labour force. The participation rate reached a record high of 74.2% in June.

Canadian employment increased by 34,800, or 0.2%, in June, keeping the unemployment rate at a historic 33-year low of 6.1% for the fifth consecutive month.

The U.S. economy generated 132,000 jobs in June, contributing to straight six months of gains. The unemployment rate remained unchanged at 4.5%.

The value of Alberta's building permits jumped 47.5% in May, the largest increase since March 2005. The commercial component accounted for the lion's share of gains, up almost 300%. The demand for office space in Calgary led to a 160.6% jump in May, surpassing the $1 billion mark for the first time.

Nationally, both residential and non-residential permits rebounded in May for a total increase of 21.4%. This contributed to the year-over-year increase of 17.2%.



The Institute of Supply Management (ISM) manufacturing index rose to 56 in June from 55 in May, its highest level in 12 months. The increase in manufacturing is expected to offset the slump in homebuilding.

While the number of rigs drilling in June more than doubled from May, it remained 53% below the June 2006 level. In the first half of 2007, an average of 244 rigs were drilling, down 35.4% from the same period last year.

Despite an increase in U.S. inventories, oil prices jumped to US$71.81 per barrel reflecting violence in Nigeria. Larger than expected U.S. inventories caused natural gas prices to decline.

Canadian dollar jumped above 95 cents on the news of solid employment growth, stronger commodity prices and expectations of interest rate hikes.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
Employment (000s)	**June**			
Alberta	1,955	0.6%	4.6%	5.1%
Canada	16,837	0.2%	2.0%	2.2%
United States	138,038	0.1%	1.5%	1.5%
Building Permits ($ Millions)	**May**			
Alberta	1,783	47.5%	75.2%	30.4%
Canada	6,834	21.4%	23.1%	17.2%
Rigs Drilling	**June**			
Alberta	147	131.5%	-53.1%	-35.4%

Source: Statistics Canada
[1]Year-to-date 2007 compared to the same period in 2006.